



Joan McDonald
Commissioner



State of Connecticut
Department of Economic and
Community Development

TESTIMONY SUBMITTED TO THE COMMERCE COMMITTEE
March 2, 2010

Joan McDonald, Commissioner
Department of Economic and Community Development

**HOUSE BILL 5358 – AN ACT CONCERNING REVISIONS TO ECONOMIC DEVELOPMENT
STATUTES**

The Department of Economic and Community Development offers the Following Comments in **SUPPORT** of *House Bill 5358 An Act Concerning Revisions to Economic Development Statutes*.

DECD supports these statutory amendments which are necessary to update and modify existing statutes in order to better serve Connecticut's industries and communities.

This bill will ensure that our programs and initiatives are modernized to meet the state's current economic development needs and allow for their implementation in a more efficient manner.

Sections 1-6 of this bill propose to amend and update various statutes to replace references to the Standard Industrial Classification (SIC) system of 1967, with references to the North American Industrial classification system (NAICS). The federal government replaced the Standard Industrial Classification (SIC) system with the North American Industrial Classification system in 1997. Businesses no longer have SIC codes. It is important to note that SIC codes do not translate one for one to NAICS codes. In some instances, the SIC codes have been combined into a single NAICS code; individual SIC codes were split into two or more NAICS codes; industries contained in one SIC major group may have been redistributed into two or more NAICS major groups; and industries in two or more different SIC major groups may have been combined into one NAICS major group, etc. Reflecting those changes better aligns the industry classifications with the eligibility standards set forth in the state's Manufacturing Assistance Act (MAA). MAA is one of DECD's main economic development tools. This amendment will create efficiencies among various economic development programs and modernize our programs' statutory provisions to better reflect the current and anticipated industry mix in Connecticut. It will also increase ease of use and interpretation by agency staff and reduce or eliminate conflict among programs therefore making it easier to provide comprehensive business assistance to DECD's clients.

Sections 7-8 provide for the direct repayment of principal due under the Energy Conservation Loan Program into the Energy Conservation Loan Fund created under CGS Section 16a-40. Currently,